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FORM MR-AR
(Revised 12/2009)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

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DEC 22 2009
DIV. OF OIL, GAS & MINING

SMALL MINING OPERATIONS 2009 PROGRESS REPORT
January 1, 2009 to December 31, 2009

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: ML 51772 Sec 32 ML 51063 Sec 2 ML 51342 Sec 34
2. Mine Name: Castle Peak
3. Name of Operator/Permittee: Lanes Corp LLC.

   Note: If Operator's address, company representative or phone number have changed, please provide a replacement page for the Notice of Intention together with form MR-REV available on the Division's web page at https://fs.ogm.utah.gov/pub/MINES/Minerals_Related/FORMS/MR-REV-SMO_EXP.pdf.

4. Mine Location: Sec 32 T8S R13E Duchesne Co, UT
5. Report the gross amount of ore mined and waste moved, as well as the current disposition of the material (sold, stockpiled, regraded, etc.):

Gross Ore Mined	2,460	Tons, or _____	yd^3
Waste Material Moved	_____	Tons, or _____	yd^3
New Disturbance	1/2	Acres during 2009	
Area Reclaimed	1/2	Acres during 2009	
Total Disturbed Area	#1	Acres*	

Sec 2 640 Sec 36 530 Sec 32 1920 ↓ Ore mined on Sec 32 is piled at Pits mined

*Total life of mine disturbance to the end of 2009.

Was the ore shipped off site? If not, where is the ore located? yes. Stockpiles are on Sec 32 T8S R13E Duchesne Co UT

Where is the waste located? Waste will be used and replaced as waste as get

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE (https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-SITE.pdf) for an application for full or partial bond/site release).

Small exposure of ore was mined by surface methods and hauled to Sec 32 no reclamation was done mined areas were backed to contour. Magnesia more seed

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): G R Lang
Title of Operator: Owner / Operator
Signature of Operator: [signature]
Date: 12 22 09

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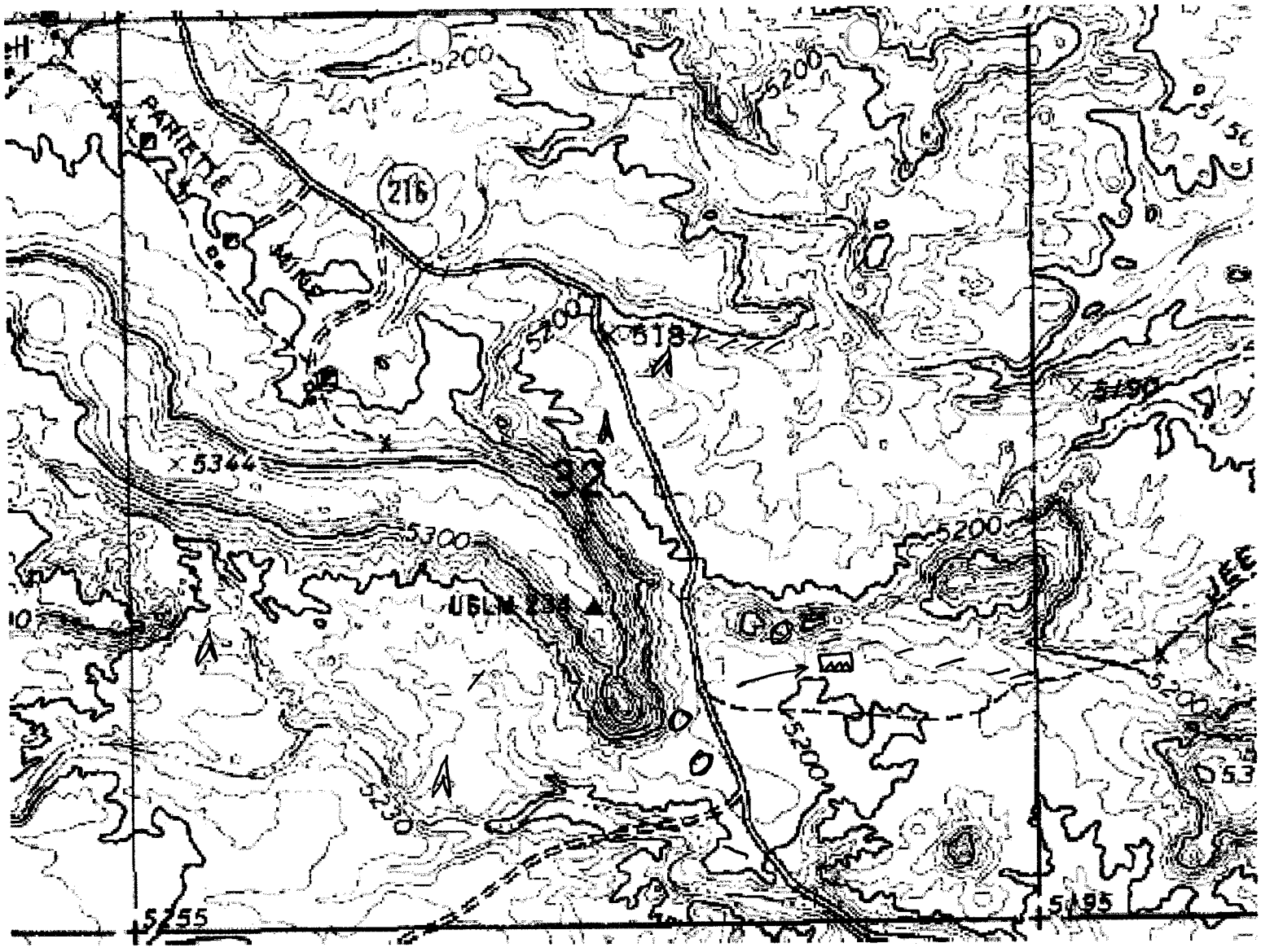

Ore runs to be mined
Orestockpile site
Emis site 1/2 acre

Oil Wells
Existing disturbances

All surface exposures easily mined & reclaimed in Sec 32 & 2.

APPROVED
NOV 30 2007
DIV. OIL GAS & MINING

↑N

'Myton SE; UT'; Scale: 1" = 0.172Mi 276Mt 907Ft, 1 Mi = 5.821" , 1 cm = 109Mt

Sec 32 T6S R17E Orchestra Ltd.

MINED ORE ON CASTLE PEAK MINE SECTIONS 36 AND 2

Ore has been mined and removed from section 36 T8S R 16 E SLM and section 2 T9S R17E SLM and stockpiled for treatment on section 32 T8S R17E SLM in Duchesne, County. Before milling and to rectify an oversight of not paying for the ore prior to removal and stockpiling as per contract agreement we request that a SITLA or DOGM representative visit the mill site and mining sites to make their own evaluations of ore removed and yield recommendations as to further reclamation of the sites in question. We apologize for removing the ore prior to paying for the ore prior to removal however no ore has been milled or sold as of this date.

Section 2 T9S R17E SLM Uintah, County.

A small bench measuring 78 feet long 12 feet wide at it's widest point with ore bottoming out at 2 feet below outcrop for the entire length was mined out and the east and west side hills and nose measuring 30 feet at it's base 10 feet at it's crest and 32 feet in vertical were raked to a depth of approximately 8 inches deep. A small side hill opposite it's eat side was also mined measuring 52 feet long and 10 feet high was also raked to a depth of 8 inches to recover ore float from deposits at the apex of outcrop. Ore measured in tons in place were calculated as follows.

SECTION 2 T9S R17E SLM

Crest of bench; 78X12X2 = 1872 cubic feet of ore mined. East side hill; 78X25X0.67 = 1306.5 cubic feet of ore mined. West side hill; 75X31X0.67 = 2325.7 cubic feet mined. Nose of bench 30X31X0.67 = 623.1 cubic but is only 10 ft wide at the crest so approximately 80% of the 30X31X0.67 measured ore is calculated 623.1X 0.8% = 498.48 cubic feet. Side hill opposite the east side of the bench measured 52X10X0.67 = 348.4 cubic feet. Total cubic feet of ore in place calculated to 6,351.08 cu ft. Field estimations of ore in place can be made using several different methods we calculated ore in place by dividing total cubic contents by 12. In other words 12 cubic feet of ore is required to make one ton of ore mined. Total cubic feet of ore in place equals 6,351.08 cubic feet divided by 12 = 529.25 tons of ore in place. The ores mined are contained in sandstone and clay. Another method of calculating cubic feet per ton of ore is; Short tons (2000 lbs/ton) divided by specific gravity of ore (S.G.) X 62.5. The Specific gravity of sandstone in place is 2.32 (clay is 1.83). So 2000/62.5 X 2.32 = 2000/145 = 13.39 cu ft per ton of ore in place = 474.3 tons of ore in place. Mined dry ore tends to increase in volume by 25-30% on average due to expansion and open air space (induced porosity). We hauled 69 truckloads from this deposit estimated at 10 tons per load equaling 690 tons. From the above information it can be seen that it benefits SITLA to allow us to mine, transport and inventory ore into separate stockpiles (for SITLA / DOGM inspection) than to pay out a straight ore on site method.

ASSAY VALUES OF ORE SECTION 2 T9S R17E SLM

The ores mined on section 2 are primarily those containing copper and molybdenum with minor uranium and silver values (see assay sheets enclosed). Milled ore by gravity methods will average 80% recovery. Assays were taken along strike, across breadth and depth at spaced intervals of the deposit to obtain a true average metal content of the

deposit without taking multiple duplicate assay samples. Samples ere analyzed by ACME labs of Vancouver B.C. Canada and ALS Chemex of Reno, Nevada.

HP 50 A nose of bench: Cu 0 .6%. Mo 0.0936%: Ag 0.1 oz/ton: U 0.019%
P 50 Crest of bench: Cu 3.45% Mo 0.0452 % Ag 0.38 oz/ton U 0.0421%

P50-100 split of P50	Cu 4.19%	Mo 0.08%	Ag 0.3 oz/ton	U 0.0323%
P58 Side hills	Cu 0.1%	Mo 0.24%	Ag no value	U 0.033%
P136 Green clay	Cu 2.66%	Mo no value	Ag 0.125 oz/ton	U 0.01%
Average totals	Cu 2.2%	Mo .09 %	Ag 0.18 0z/ton	U 0.015%

Copper 2.2% X 20 = 44 lbs/ton @ $2.50/lb = $110.00 / ton X 690 tons = $75,900.00 X 4% = $3,036.00 due SITLA.
Molybdenum 0.09% X 20 = 1.8 lb/ton @ $33.00/lb = $59.40 / ton X 690 tons = $40,986.00 X 4% = $1,639.44 due SITLA.
Silver 0.18 oz/ton @ $14.50 /oz = $2.61 / ton X 690 tons = $1,800.00 X 4% = $72.00 due SITLA.
Uranium 0.015% X 20 = 0.3 lb/ton X $44.00 = $13.20 / ton X 690 tons = $9,108.00 X 8% = $728.64 due SITLA.
Total amount due SITLA for section 2 T9S R17 E SLM is $ 5,476.08.

SECTION 36 T8S R16E SLM

Using the same guidelines as presented in calculating ore tonnages and value for Section 2 T9S R17E SLM 17 truckloads of ore estimated at 170 tons were removed to section 32 T8S R17E and stockpiled separately assay values are as follows.

P134 Mo 0.18%
442054A Mo 0.09463%
Average total for Mo ore is 0.13% X 20 = 2.74 lb/ton X $33.00 / lb = $90.63 / ton X 170 tons = $15,406.74 X 4% = $616.27 due SITLA. Total due SITLA for ore removed from sections 2 and 36 to section 32 is $6092.34.

Please have representative visit us to verify. If you have further questions or concerns feel free to contact us, sincerely;

G.R. Conn @ Lance /Conn LLC

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